



# COMMISSION NEWS

---

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

---

TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

DATE: April 15, 2004  
CONTACT: Heather Murphy (602) 542-0844

## **COMMISSION TARGETS GPS STOCK OFFERING, PENALIZES GILBERT MAN FOR SALES OF UNREGISTERED PAY TELEPHONE CONTRACTS**

PHOENIX – The Arizona Corporation Commissioners today approved consent orders with two individuals who were involved in selling unregistered securities, along with their respective companies. A Fountain Hills man agreed to pay restitution and penalties in connection with an unregistered stock offering for a company selling global positioning systems. In the second enforcement action, a Gilbert insurance agent agreed to return commissions and pay penalties for selling unregistered pay telephone investment contracts. The Commissioners ordered a total of \$183,975 in restitution and up to \$12,500 in penalties for both cases.

### **International Global Positioning, Inc., et al.**

The Commission entered into a consent order with 58-year-old Edmond L. Lonergan of Fountain Hills and his company, Corporate Architects, Inc., in connection with an unregistered stock offering of a Texas-based company, International Global Positioning, Inc. Lonergan agreed to pay up to \$2,500 in penalties and return \$19,925 to investors. The order provides for a lower penalty of \$1,000 if Lonergan complies with the Commission's order within 45 days.

International Global Positioning planned to market and distribute global positioning devices to be installed in automobiles. The devices were supposed to use cellular communications technology to provide information on a vehicle's location, speed and direction.

Around July 2001, International Global Positioning initiated a stock offering represented as a private

placement under federal rule 506, Regulation D. International Global Positioning's plan was to sell its stock to private investors and distribute franchises nationwide to market the device.

The Commission found that Lonergan, president of Corporate Architects, Inc., attended a meeting with prospective investors to promote International Global Positioning's plans to merge with a public company. With such a merger, International Global Positioning's stock would be listed on a public exchange.

An investigation by the Commission's Securities Division revealed that International Global Positioning never became a public company. The Division also indicated that while Lonergan and his company received compensation resulting from the sale of International Global Positioning's stock, the private investors have not received a return on their investments.

Although the order resolves the Commission's claims against Lonergan and his company, the Commission anticipates that it will take additional action against other individuals and companies involved in selling International Global Positioning stock. The Commission has set a hearing date of June 7, 2004 for the remaining respondents in this case.

#### **Steven C. Bond, et al.**

The Commission entered into a consent order with 47-year-old Steven C. Bond and his company, B.B. Financial Benefits Group, Inc., for selling unregistered securities in the form of pay telephone investment contracts. Bond, an insurance agent from Gilbert, agreed to pay a \$10,000 penalty and return \$164,050 in commissions he earned from selling investment contracts in Alpha Telcom, Inc., an Oregon corporation.

From October 2000 through May 2001, Bond sold to at least 18 investors \$965,000 in Alpha Telcom pay telephone contracts. Although licensed to sell insurance, Bond was not licensed to sell securities in Arizona. In addition, neither B.B. Financial Benefits Group nor the Alpha Telcom contracts are registered or have an applicable exemption from registration in Arizona.

Bond and B.B. Financial Benefits Group told prospective investors that their investments were insured and presented Alpha Telcom as a stable, profitable and innovative company. But the Commission

found that the state insurance coverage did not exist and that Alpha Telecom had been in trouble with at least 12 state and federal regulators.

Bond and B.B. Financial Benefits Group touted a 14 percent annual return. Investors received payments of \$58.34 per month for every telephone they purchased, but payments eventually stopped after Alpha Telecom declared bankruptcy in August 2001.

Investors were not aware of the company's long disciplinary history with state and federal regulators, but they became aware of the bankruptcy when payments from Alpha Telecom stopped. Because the company filed bankruptcy, it is unknown what—if any—funds will be recovered from Alpha Telecom.

Although the orders resolve the Commission's claims against Bond and his company, the Commission anticipates that it will take action against other individuals and companies involved in selling the Alpha Telecom contracts. To date, the Commission has entered into consent orders with a total of four other insurance agents besides Bond. The most recent cases were in 2004 and involved securities salesperson and insurance agent, Kathleen Whorley Sommer of Phoenix, and insurance agent Evelyn Baumgardner of Glendale.

Prior to investing, people should verify the registration of sellers and investment opportunities by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242 or toll free outside the Phoenix metropolitan area at 1-877-811-3878. The Division's website also has helpful information for investors: [www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us).

###